

JPRS 78468

8 July 1981

# USSR Report

INTERNATIONAL ECONOMIC RELATIONS

No. 14

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

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8 July 1981

USSR REPORT  
INTERNATIONAL ECONOMIC RELATIONS

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FOREIGN TRADE GAINS IN 1980, FUTURE PROSPECTS VIEWED

Moscow FOREIGN TRADE in English No 5, 1981 pp 6-14

[Article by Vasili Klochek, member of the Board, head of the Main Planning and Economic Department, Ministry of Foreign Trade of the USSR]

[Text]

With the fulfilment of the tenth five-year plan (1976-1980) our country has made another stride towards communism. The results of the large-scale, constructive activities of the Communist Party and the whole Soviet people in the tenth quinquennium were summed up by the 26th CPSU Congress which outlined new economic and social goals to be achieved by our country in the next five years. These are very ambitious challenges, but quite realistic as the possibilities of their solution are based on the great achievements of the Soviet Union in economics, science, technology and social life.

In the last five years the national wealth of our country has increased considerably. As compared to the ninth five-year plan period the national income used for consumption and accumulation rose 24 per cent, and industrial production, 33 per cent.

Heavy industry, the underlying sector of our country's economy, as well as other industries which determine the technical progress made good headway. There was an increase in fuel extraction, electricity generation, and ferrous and non-ferrous metals production.

The planned strengthening of agriculture's material and technical base brought about a further growth of agricultural production: a nine per cent average annual increase of gross output as against the previous quinquennium.

The rates of scientific and technical progress were accelerated. New technology was put to increasing use, and the technical level of production improved. An important contribution to these achievements was made by Soviet science.

The dynamic growth and higher efficiency of the economy is the reliable foundation on which our country builds its ever broader participation in the international division of labour and more active economic relations organically bound in with the Soviet Union's national economic complex.

The foreign trade strategy over this period was fully oriented to enlarge the Soviet Union's share in the international division of labour and heighten the role that foreign economic relations could play in solving national economic problems as advanced by the 25th CPSU Congress. The active foreign trade policies and the progress achieved in the trade and economic relations with foreign countries were to a large measure conducive to the successful carrying out of the Leninist peaceful foreign policy.

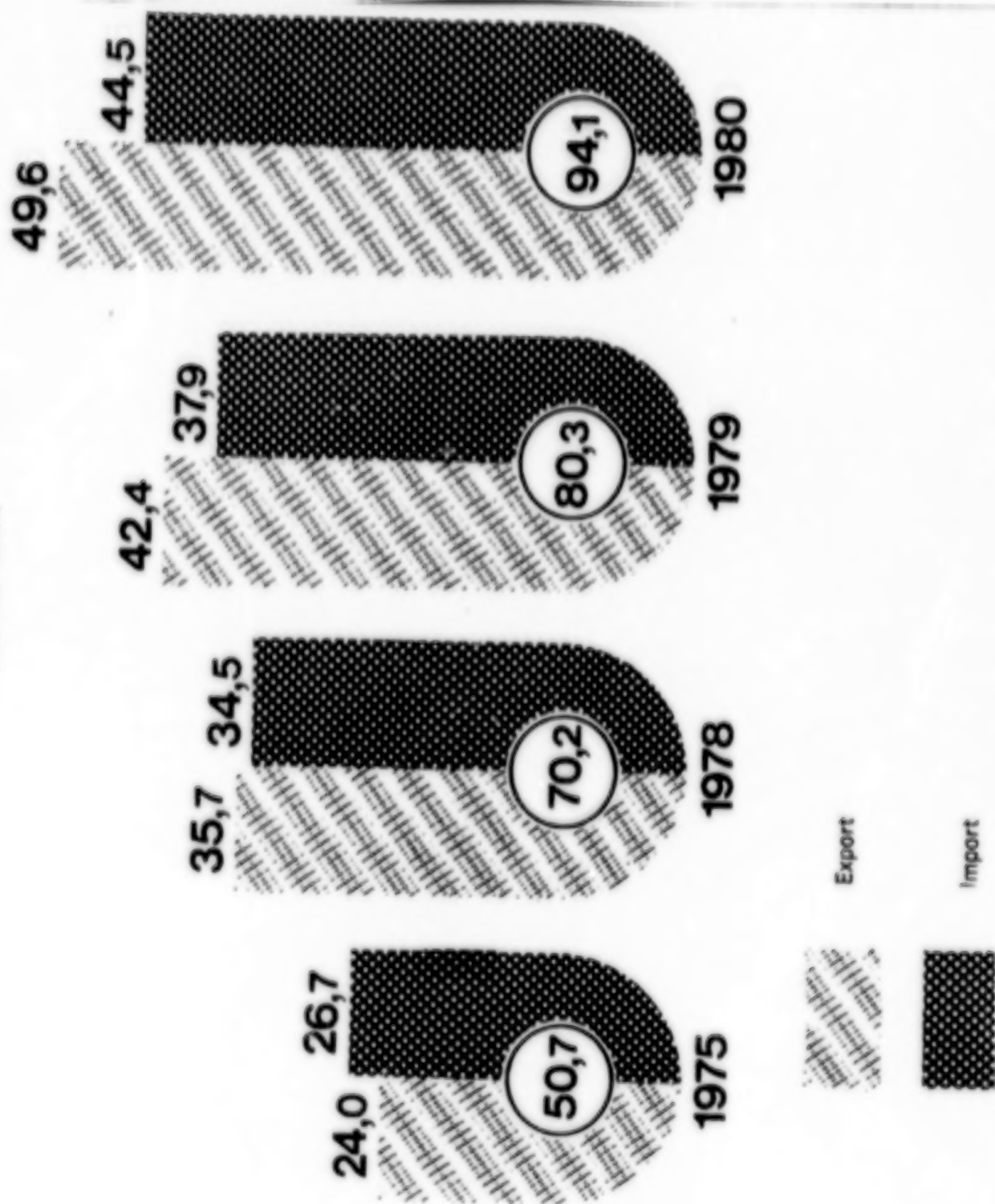
Foreign economic ties were actively used in the past five years to reach the following important social and economic targets set forth by the Party: accelerated growth and higher effectiveness of social production, rising labour efficiency, and fuller satisfaction of the working people's material and cultural requirements. Total 175,700 million rubles' worth of industrial and farm products, or twice as much as in the previous five years, was imported from abroad to meet various economic requirements in the tenth quinquennium.

In terms of the economic strategy for the tenth five-year-plan period foreign commerce was assigned an important role in building up the country's economic potential, extending and renewing production funds, in developing certain preferable industries. Some 65,900 million rubles' worth of machines and equipment was imported, a 2.3-fold increase over the previous (ninth) quinquennium. Increased significance was attached to the imports of complete sets of equipment that ensure speedier utilization of progressive technological processes. Almost 1,200 complete sets of imported equipment worth 7,200 million rubles went into operation in 1976-1980.

Imported equipment was used in the following large projects commissioned in the tenth quinquennium: Kama truck complex; Atommash plant; Nikolayev alumina factory; Orenburg gas complex and Soyuz gas pipeline; Dnieper mining and ore-dressing complex (iron ore pellets); and some forty chemical plants (sulphuric acid, ammonia, carbamide, plastics and other chemicals).

Foreign trade helped significantly consolidate the material and technical base of agriculture. Some 3,700 million rubles' worth of farm machinery, or

USSR Foreign Trade Turnover Dynamics  
('000 mln rubles)





twice as much as in the previous five years, was imported in the tenth five-year period. More vitamin and enzyme additives to feeds, fertilizers, plant protective chemicals and other goods were purchased to meet farmers' needs.

There was an increase in purchases of foods and consumer products. Imports of consumer goods and raw materials for their manufacture more than doubled over the previous five years to 67,400 million rubles. These included grain, meat and meat products, sugar, animal fat and vegetable oils, vegetables, cottons, garments, linen, footwear and other consumer goods. Two functions were accomplished simultaneously: replenishment of home market stocks to meet the requirements of the population and extension of commodity assortment.

Exports were also given a boost in the tenth quinquennium. Their value more than doubled as against the previous five years to reach 189,000 million rubles. The export list was extended. For the first time it included ammonia, polyethylene, polystyrene, vinyl chloride, and carbamide.

Deliveries of engineering industry products were augmented. Exports of machines and equipment more than doubled as compared to the previous five years. There was an increase in the exports of metal-cutting lathes, forges and presses, textile machines, ships, motor vehicles, tractors and other products.

A noteworthy feature in the tenth quinquennium was extended long-term, large-scale cooperation with foreign countries which better agrees with the present-day level of productive forces and makes possible package solutions of the developmental problems related to fuel and primary resources, transport and other important economic sectors of the Soviet Union and its trading partners.

In the tenth five-year-plan period trade and economic cooperation with socialist countries became more diversified.

The USSR and the CMEA nations continued to implement the Long-term Comprehensive Programme of socialist economic integration which in 1976-1980 significantly stepped up their mutual trade turnovers (increase of 74.4 per cent).

Economic ties with the industrial capitalist countries and developing nations kept on expanding. Trade with the former doubled; with the latter it registered an 89.6 per cent increase.

The line for expanded trade intercourse with all interested nations yielded positive results. The number of the Soviet Union's trading partners in the past five years increased from 115 to 139. The period under review witnessed the signing of inter-governmental trade agreements with 19 new nations (for the first time). In 1980 the Soviet Union had bilateral trade treaties and agreements with 115 countries.

As compared to 1975 the overall Soviet foreign trade turnover in effective prices rose to 94,100 million rubles in 1980, an 85.6 per cent increase.

Such increase may be considered as significant even if the growth of world market prices is taken into account.

1980, the final year of the tenth five-year plan period was an important one for foreign commerce to achieve its assigned targets. In 1980, Soviet foreign trade turnover exceeded the volume of the previous year by 17.2 per cent.

**Soviet Foreign Trade**  
( '000 mln rubles )

	1975	1979	1980	1980 per- centage of 1979	1980 per- centage of 1975
<b>Total</b>					
Turnover	50.7	80.3	94.1	117.2	185.6
Export	24.0	42.4	49.6	117.0	206.6
Import	26.7	37.9	44.5	117.4	166.7
<b>Socialist countries</b>					
Turnover	28.6	45.1	50.6	112.2	177.1
Export	14.6	23.6	26.9	113.9	184.6
Import	14.0	21.5	23.7	110.3	169.3
including:					
<b>CMEA nations</b>					
Turnover	26.3	41.6	45.7	109.9	174.4
Export	13.4	21.7	24.3	112.1	182.1
Import	12.9	19.9	21.4	107.4	166.4
<b>Industrial capitalist countries</b>					
Turnover	15.8	25.7	31.5	122.6	199.3
Export	6.1	12.5	15.8	126.8	258.3
Import	9.7	13.2	15.7	118.7	162.0
<b>Developing nations</b>					
Turnover	6.3	9.5	12.0	126.2	189.6
Export	3.3	6.3	6.9	109.2	207.5
Import	3.0	3.2	5.1	159.7	169.8

*As before, the socialist countries ranked first in the Soviet Union's foreign trade in 1980. Their share in Soviet foreign trade turnover equalled 53.7 per cent, whereas that of CMEA nations amounted to*



48.6 per cent. Our major trading partners in 1980 were the GDR, Poland, Czechoslovakia, Bulgaria, Hungary and Cuba.

**Soviet Trade with the CMEA Member-Countries**

(mln rubles)

	1979	1980
Bulgaria	6,486.4	7,099.1
Hungary	5,155.1	5,738.2
Vietnam	593.8	612.4
GDR	8,133.5	9,200.0
Cuba	4,249.2	4,266.0
Mongolia	771.6	883.6
Poland	7,573.0	8,002.0
Romania	2,145.6	2,791.5
Czechoslovakia	6,546.3	7,184.0

The trade turnover with CMEA nations is increasingly affected by such forms of production co-operation as joint construction of various projects and greater specialized and cooperated manufacture.

The share of specialised and cooperated products in the Soviet Union's mutual exchanges with the CMEA nations continually expands. The Soviet Union is signatory to over 135 bilateral and 90 multilateral agreements on specialised and cooperated production with the CMEA countries and Yugoslavia covering machine tools, tractors and farm equipment, machines for the light and food industries, etc.

A series of bilateral long-term programmes of specialized and cooperated production signed in 1979-1980 between the Soviet Union, on the one hand, and Bulgaria, Hungary, the GDR, Poland, Romania and Czechoslovakia, on the other, will breathe new life into this cooperation for the next two five-year plan periods (up to 1990). The latter will witness accelerated integration along this particular line—as emphasized by the leaders of the fraternal parties of the CMEA countries, during their meeting and talks with L.I. Brezhnev in the Crimea.

The CMEA nations' economy has entered a phase when the choice of the optimal ratio of the use of the economic growth sources is becoming increasingly important. The coordinated national economic plans of the CMEA countries for the next quinquennium meet this challenge. They lay particular emphasis on long-term specific programmes of cooperation (LSPC) in major industries such as

energy, fuels and raw materials, mechanical engineering, transport, agriculture and consumer goods. About 120 multilateral agreements have so far been signed to translate these programmes into reality.

A major problem which requires the member-countries' concerted efforts for its solution is meeting their mounting needs in energy, fuels and raw materials. Against this background the CMEA countries attach utmost importance to these LSPC.

All interested socialist countries will take part in further developing the Soviet extractive industries; in particular, their greatest efforts will be co-operation in constructing iron-ore mining industrial complexes in our country.

In its turn, the Soviet Union will take part in constructing a number of energy projects, ferrous and non-ferrous metals enterprises, chemical plants and oil refineries on the territories of the socialist countries.

Intensive efforts will be made to develop latent reserves, improve the pattern of social production and consumption, intensify production and create new sources of commodity stocks.

Fulfilment of measures agreed by the CMEA member-countries and specified in both the LSPC and the long-term programmes of specialization and cooperation in production will enable the CMEA nations to meet each others' needs in machines, equipment, computers and other products, as well as consumer goods.

The Soviet Union has signed protocols on trade turnover for 1981 with all CMEA nations. The protocols are based on their mutually coordinated national economic plans. The new agreements envisage growth of mutual exchanges with the socialist community countries.

Outside the CMEA framework, trade actively developed in 1980 with Yugoslavia. The Soviet-Yugoslavian trade turnover exceeded the 1979 level by 49.9 per cent reaching 3,800 million rubles. The exchange between the USSR and Korean People's Democratic Republic equalled 572.1 million rubles, a 16.3 per cent increase over the previous five years. Trade with the People's Republic of China amounted to 316.6 million rubles.

The Soviet Union's trade and economic relations with the industrial capitalist countries developed in 1980 against the background of an aggravated political situation resulting from imperialist attempts to block international detente.

The policy of restricted trade and economic ties with the Soviet Union declared by the former US Administration and the latter's attempts to make the US allies uphold the economic sanctions against the USSR under the pretext of "Atlantic solidarity" fell down very quickly. The stable, mutually profitable trade and economic relations with Western countries that had shaped up in the seventies could not just go under for the sake of US Administration's selfish political ends. Most industrial capitalist countries neither joined the economic sanctions nor accepted the suggested restrictions.

Large-scale, long-term projects continued to be carried out in 1980 in cooperation with many Western countries on the basis of intergovernmental agreements on economic, scientific, technical and industrial cooperation and the specific long-term programmes. The Soviet Union continued to supply natural gas to Austria, Italy, France and the FRG in payment for purchases of pipes and equipment for the gas industry. It continued to cooperate with Italian, Finnish, French and West German firms in constructing chemical plants, steel mills and other enterprises in the USSR.

The mentioned agreements enable firms of industrial capitalist countries to expand their exports of machinery, equipment and materials to the Soviet Union in order to obtain the fuels and raw materials their countries need so greatly.

Long-term agreements with a number of industrial capitalist countries provide also for the participation of Soviet economic organisations in constructing industrial projects in these countries and in extending cooperation and specialization with Western companies. In 1980 the Soviet Union assisted Finland and Greece to construct energy and other projects; it continued to expand industrial cooperation and specialized production with Austrian, British, Italian, Finnish, West German and other firms.

Trade with industrial capitalist countries exceeded the previous year's level by 22.6 per cent with exports rising by 26.8 per cent and imports increasing by 18.7 per cent.

In 1980 the Soviet Union's major trading partners in these countries were (turnover in million rubles): the FRG, 5,800; Finland, 3,900; France, 3,700; Italy, 3,000; Japan 2,700; Great Britain 1,800; USA, 1,500; and the Netherlands, 1,400.

The best progress in trade and economic relations was achieved with those nations who followed an independent realistic policy of extending and developing mutually beneficial relations with the Soviet Union.

A rising trade turnover and mounting long-term economic cooperation were characteristic of our trade and economic relations with the FRG. Compared to 1979 the trade with this country grew 36.1 per cent.

The long-term programme of Basic Outlines of Soviet-West German Cooperation in the Field of Economy and Industry for the next twenty-five years signed during Chancellor Schmidt's visit to the Soviet Union in July 1980 stipulates the construction, extension and modernization of industrial complexes and enterprises, and cooperation in developing and manufacturing equipment, extracting and processing individual raw materials, energy development, etc.

In 1980 large contracts were signed with the Mannesmann Thyssen consortium (delivery of 6,000 tons of large-diameter pipes to the Soviet Union), the Klockner-Werke group (construction of an aluminium plant in the USSR) and the Ude company (delivery to our country of a polyester thread producing plant).

As our trading partner Finland occupies the second place among the West European capitalist countries. In 1980 Soviet-Finnish trade turnover exceeded the 1979 level by 49.2 per cent.

The further expansion of Soviet-Finnish trade and economic relations was defined during President Urho Kekkonen's official visit to the Soviet Union in November 1980. A protocol signed at the top level prolonged the operation of the Long-Term Programme for the Development and Deepening of trade, economic, industrial, scientific and technical cooperation (effective till 1990) to 1995. It envisaged, in particular, increased trade with Finland.

Big contracts were concluded in 1980 with Finnish firms for deliveries of 300 million rubles' worth of ships and also equipment for the third stage of the Svetogorsk pulp-and-paper complex (in the Soviet Union) in the eleventh five-year plan period. Likewise a protocol was signed on the construction of the second and third stages of a large mining complex in the town of Kostomuksha.

Trade with France kept forging ahead, registering a 43 per cent increase in 1980 as against 1979.

In 1980 a review was made of the progress in Soviet-French trade and economic relations and measures outlined for 1980-1982 to fulfil the Long-Term Programme for the Extension of Economic, Industrial and Technical Cooperation between the two countries for the period from 1980 to 1990.

Big contracts were signed in 1980 with French companies on cooperation in the following fields: construction of a dynamo steel producing shop at the metallurgical complex in the city of Novolipetsk (firm Creusot Loire), and deliveries of equipment for stationary off-shore drilling platforms (firm ETPM), for centrifugal casting of pig-iron pipes (firm Pont-a-Mousson); and for a methylnone producing plant (firms Rhone-Poulenc and Spechim).

Progress was registered in Soviet-Italian trade and economic relations with the trade turnover exceeding the 1979 level by 40.8 per cent. An agreement on cooperation in the field of chemistry under a compensation arrangement was signed in 1980 with the Italian company Montedison. Also, a general agreement on cooperation in ferrous metallurgy was concluded with the Finsider association.

The new agreements and contracts signed in 1980 are a solid contribution to stronger economic ties with the capitalist nations and they consolidate the material foundation of international détente.

Last year also witnessed growing trade with Austria, Australia, Belgium, Greece, Spain, Canada, New Zealand and Switzerland.

Trade with Japan and Great Britain in 1980 slowed down as the result of artificial barriers raised by these countries.

In 1980 trade with Japan which used to be a second major trading partner of the Soviet Union among capitalist countries increased only by 4.8 per cent. Japan moved to the fifth place in the Soviet trade turnover. Trade with Great Britain in the same year dropped by 4.8 per cent.

Soviet-American trade was 47 per cent below the 1979 level. The US discriminatory practices had an almost equal adverse effect on both US exports to the Soviet Union and Soviet exports to the USA.

The year 1980 saw further progress in the Soviet Union's trade and economic cooperation with the developing nations of Asia, Africa and Latin America. The Soviet Union seeks to promote mutually profitable exchanges with these countries based on a long-term, equal footing. In 1980 it continued to give them economic and technical aid to construct

industrial enterprises, energy, farm and other undertakings conducive to their stronger economic and political independence. In 1980 Soviet trade with these countries exceeded the 1979 level by 26.2 per cent.

In 1980 the Soviet Union conducted trade with 97 developing nations. Its trade and economic relations with 76 of them were governed by inter-governmental trade or economic treaties and agreements. Last year, for the first time, trade agreements laying down the general principles of mutual trade relations were concluded with Gabon, Grenada, Kampuchea and Nicaragua. Protocols were signed with Kampuchea, Nicaragua and Sierra-Leone on establishing Soviet trade representations in these countries.

In 1980 the largest trading partner of the Soviet Union among the developing countries was India. Soviet-Indian trade equalled 1,739.8 million rubles. The trade and economic relations between the two countries are developing on a long-term and stable foundation. The major guidelines for their growth are outlined in the Long-Term Programme of Economic, Trade, Scientific and Technological Cooperation signed by heads of government in 1979, covering a period of 10-15 years.

The Programme aims at retaining the achieved rates of trade growth in the eleventh five-year-plan period. The new trade agreement for 1981-1985 signed during L.I. Brezhnev's visit to India in December 1980 makes this quite feasible.

In 1980 there was a considerable increase in trade with Argentina: a 3.8-fold rise over 1979 to reach 1,192.5 million rubles.

Important trading partners from other developing countries in 1980 were (turnover in million rubles): Iraq, 731.7; Libya, 450.9; Turkey, 443.2; and Syria, 321.

Goods worth 6,900 million rubles (9.2 per cent more than in 1979) were exported to the developing nations in 1980. Mostly it was machinery and equipment for various industries, transport and agriculture. More than half of the machines and equipment was exported in complete sets.

Imports from the developing countries amounted to 5,100 million rubles, a 59.7 per cent increase over 1979. In 1980 a fifth of them was fuel, minerals and metals; more than half was foodstuffs and raw materials for their production.



Last year the Soviet Union increased its purchases of products manufactured by the national industries of these countries. More diversified imports by the Soviet Union from the developing nations reflect both the progressive trends in world trade and the principled position of the Soviet Union supporting an increased relative share of manufactures in its imports from the developing countries.

The Soviet Union vigorously backed up the developing countries' efforts to end discrimination, artificial barriers from international trade, inequality and exploitation in international economic relations. Soviet representatives were consistent in pursuing this course at international forums in 1980, including those held within the framework of the United Nations.

Soviet exports in 1980 exceeded the 1979 level by 17 per cent to reach 49 600 million rubles.

#### Share of Major Commodity Groups in Soviet Exports

(per cent)

	1979	1980
Total	100	100
including		
Machines, equipment and transport means	17.5	15.8
Fuel and electricity	42.2	46.9
Ores and concentrates, metals and products thereof	9.1	8.8
Chemicals, fertilizers, rubber	2.9	3.3
Timber, pulp and paper products	4.1	4.1
Textile raw materials and semi-manufactures	2.0	1.9
Industrial consumer goods	2.3	2.5

The major export article comprises fuel and energy products: crude oil, oil products, gas, coal and coke. These go mainly to meet the requirements of the socialist countries. As before, they were also exported to industrial capitalist countries and developing nations.

As to ores, concentrates and metals the changes were as follows: greater quantities of iron ore, pig iron, copper, zinc and aluminium were shipped to

the CMEA nations; there was an increase in rolled metals exports to the socialist countries and more pipes and sulphur went to the developing countries.

Chemicals were a very dynamic export item in 1980 exceeding the 1979 level by 33.5 per cent and worth 1,400 million rubles. The country's expanded output of chemical industry enabled more plastics and synthetic resins to be exported to the CMEA and the industrial capitalist countries, and more nitrogen fertilizers to the developing nations, as well as to step up its exports of potash fertilizers and insecticides.

As against 1979 exports of timber and pulp-and-paper products went up by 15.3 per cent. Percentage of individual products was as follows: round timber, 8.5 (minus); sawn timber, 6.5 (minus); pulp, 20.7 (plus); paper, 3.6 (plus) and cardboard, 7.6 (plus).

Exports of machinery, equipment and transport facilities exceeded the 1979 level by 5.5 per cent (or 400 million rubles) to 7,800 million rubles.

Exports of engineering products in recent years have been characterised, first of all, by increased deliveries of power-generating equipment, specifically, equipment for atomic power plants, instruments and devices, laboratory and medical equipment, transport means, metal-working equipment, farm machinery, blast furnaces, metallurgical and mining equipment, etc.

Industrial cooperation with socialist and Western firms which has greatly increased in recent years has been helpful in raising scientific and technical standards and export volumes of engineering products. In 1980 the share of specialised products exceeded 25 per cent of the total machines and equipment exported to the CMEA nations. Various forms of industrial cooperation with foreign firms are used in export deliveries of: engines and equipment for ships (Finnish firms); welding equipment (Austrian, British and US companies); concrete pumping motor-trucks (Stemmer company, the FRG); metal-working lathes (West German, Italian, French, Swedish, British, Dutch, Austrian firms); woodworking equipment (Finnish companies); and many other engineering products.

An increase over 1979 was registered in the deliveries of machines, equipment and transport means under agreements on building industrial and other facilities abroad with Soviet assistance.

The continually expanding trade and economic cooperation with the socialist countries and its improving forms have an important effect on the growth of Soviet exports of machines and equipment to these nations.

In 1980, 78.2 per cent of all Soviet exports of engineering products was diverted to socialist countries, the share of the CMEA nations amounted to 72.9 per cent, an increase of 7.2 and 7.4 per cent respectively over 1979.

Last year the socialist countries received more of the following equipment: power-generating, electrical, metallurgical, lifting and conveying machines, also trucks, farm machinery, etc.

More Soviet-made equipment is bought by the developing nations. The share of machines and equipment in Soviet exports there in 1980 was 18.1 per cent, while the increase in volume as compared to 1979 amounted to 4.7 per cent.

They purchased more Soviet equipment for the metal-working, metallurgical and oil-refining industries, as well as tractors, trucks and passenger cars.

The sick economies of the industrial capitalist countries slackened market demand there for Soviet-made engineering products. In 1980 Soviet exports to this group of countries was less by 18.5 per cent as against 1979. Some types of equipment, however, for example, power-generating and electrical were in a much higher demand than in 1979.

In 1980 Soviet-manufactured engineering products were exported to Finland, Greece, Great Britain, France, Belgium, Italy, the FRG and other countries.

Soviet exports of cultural and household goods continued to rise. Last year the Soviet Union exported 22.4 million clocks and watches, including movements, 306,000 refrigerators, 1.2 million photo cameras, and 1,031,700 bicycles.

As compared to 1979, Soviet imports in 1980 increased by 17.4 per cent to 44,500 million rubles.

Machines and equipment, as well as consumer goods and foodstuffs and raw materials for their manufacture continued to be major articles in our imports.

The USSR bought 15,100 million rubles' worth of machinery, equipment and transport facilities.

Share of Major Commodity Groups in Soviet Imports  
(per cent)

	1979	1980
Total...	100	100
including		
Machines, equipment and transport means	38.0	33.9
Fuel and electricity	3.8	3.0
Ores and concentrates, metals and products thereof	11.2	10.8
Chemicals, fertilizers, rubber	4.7	5.3
Timber, pulp-and-paper products	1.5	2.0
Textile raw materials and semi-manufactures	1.9	2.2
Food products and raw materials for their manufacture	21.9	24.2
Industrial consumer goods	11.4	12.1

Imports of individual products were as follows (million rubles): metallurgical equipment, 422.8; chemicals 1,243.9; power-generating equipment, 385.6; equipment for the textile industry, 392.1; equipment for the timber, pulp-and-paper industry, 209.2; equipment for the food industry, 455.3; printing equipment, 83.5; lifting and conveying equipment, 828.2; road and road-construction machinery, 282.7.

Ships and equipment worth 1,240.1 million rubles were imported to expand water transport and fishing fleet; railway rolling stock and equipment, worth 577.5 million rubles; and farm machinery and equipment, worth 803.7 million rubles.

Most of the machines and equipment came from the CMEA countries. Imports from this group of countries exceeded the 1979 level by 5.2 per cent reaching 9,800 million rubles; their share in Soviet imports of engineering products went up from 64.8 per cent in 1979 to 65.2 per cent in 1980.

Industrial capitalist countries were the source of one-third of all imported engineering products; their value 4,700 million rubles.

Last year the Soviet Union continued to import raw materials and equipment necessary to develop certain industrial branches, specifically, ferrous metal rolled stock (1,336.6 million rubles' worth) and various pipes (1,238.1 million rubles' worth).

To more fully meet the requirements of the population in cultural and household goods and those of the food and light industries for individual raw materials the Soviet Union imported in 1980 the following wares: raw sugar, 3.8 million tons; meat and meat products, 820,000 tons; butter, 249,000 tons; coffee, 48,300 tons; cocoa beans, 126,800 tons; tea, 70,900 tons; fresh fruits and berries, 995,100 tons; fresh vegetables, 132,800 tons; textiles, 435.7 million metres; garments, worth 956.4 million rubles and knitwear—454.1 million rubles; footwear, 868.3 million rubles' worth; furniture, 420.2 million rubles' worth and other consumer goods.

\* \* \*

The decisions of the 26th CPSU Congress on social and economic development will further use foreign economic relations to enhance the effectiveness of social production and meet to a fuller measure the growing requirements of society for consumer goods.

Particular attention should be paid in the eleventh five-year plan period to stimulating the growth and improvement of the country's export potential which to a large extent predetermines the prospects of Soviet foreign commerce and other forms of economic cooperation.

The Guidelines for the Economic and Social Development of the USSR for 1981-1985 and for the Period Ending in 1990 devote much attention to the improvement of exports pattern, first of all through increased manufacture and deliveries of engineering and other finished products that meet foreign market standards, and augment supplies of better processed materials and goods for export.

The achievement of the mentioned aims will be facilitated by more efficient planning and control of the export potential's growth, improved assessment methods of the efficiency of foreign trade operations, and measures to stimulate the manufacture of competitive export lines.

In planning foreign trade stricter attention should be paid to our ability to manufacture certain goods and equipment so as to avoid spending foreign exchange on purchases of those foreign-made goods and technologies which can be developed and produced in the Soviet Union.

A better use of reserves for higher efficiency of social production would mean quicker construction

of enterprises fitted with imported equipment and attainment of their projected capacities.

Higher efficiency in foreign commerce has an immediate positive impact also on various related activities: transport, port facilities, storage of foreign cargo and banking operations.

Meeting all these challenges requires a comprehensive approach and the cooperation of a wider range of specialists in the industrial ministries and economic, planning, research and foreign trade organizations.

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## USSR-CEMA TRADE

### BRIEFS

CEMA ACTIVITY IN 1980--Moscow EKONOMICHESKAYA GAZETA in Russian No 19 signed to press 4 May 1981 publishes on pages 20-21 a 3,500-word survey by the CEMA secretariat economic information section under the heading "CEMA's Activity in 1980." The survey covers the CEMA countries' cooperation in planning, science and technology, fuel, energy and raw materials, agriculture, and the food industry, transport and consumer goods production, and gives an account of CEMA's currency and financial activity and international ties, including cooperation with Yugoslavia and Finland. [Editorial Report]

CSO: 1825/30

## TRADE WITH INDUSTRIALIZED COUNTRIES

### PATOLICHEV SAYS FRG DEFAULTS ON CONTRACTS

Moscow FOREIGN TRADE in English No 5, 1981 pp 3-5

[Article by Nikolai Patolichev, USSR minister of foreign trade]

[Text]

The 26th Congress of the Communist Party of the Soviet Union reiterated the consistent course of the Soviet state for extending stable, mutually-profitable relations with capitalist nations, based on strict compliance of reciprocal commitments. This is a principled line which reflects the purposeful orientation of Soviet foreign policies towards peace and increased detente and mutual understanding between nations. The Communist Party Congress summed up the results of foreign economic activities in the Tenth Five-Year Plan Period and outlined the prospects for 1981-1985 and for the period ending in 1990. It reaffirmed that the Soviet Union would continue to keep and translate into reality the provisions of the Helsinki Final Act concerning European security and cooperation.

Soviet-West German trade and economic relations are an important component materialising the content of the Final Act.

Among the features of these relations in the past decade the following have been most noteworthy: high growth rates of the two countries trade turnover and the search for and application of new forms of trade and economic cooperation that are outside of the traditional pattern and a more effective and stable use of the benefits of the international division of labour serving both countries' interests.

In 1980 the volume of Soviet-West German trade exceeded that of 1970 ten-fold increasing to 5,800 million rubles. In 1970 West Germany ranked tenth in Soviet foreign trade. Last year it moved to the first five Soviet trading partners being the largest among the industrial capitalist nations.

Although the Soviet Union's relative share in West-German foreign trade is smaller, it is nevertheless considerable as regards major commodities so essential for every country's economy such as energy carriers, various primary raw materials, semi-manufactures and engineering products. The leading items in Soviet imports from West Germany are machines and equipment, large-diameter pipes and chemicals.

The aim of doubling Soviet-West German trade in 1976-1980 as against the previous five years formulated at the 1978 summit meeting has been achieved. It increased 2.5 times.

The 26th Party Congress gave a positive assessment of the progress in Soviet-West German relations. "Our relations with the Federal Republic of Germany based on the 1970 and later agreements," L.I. Brezhnev, General Secretary of the CPSU Central Committee, pointed out in his report to the 26th CPSU Congress, "on the whole shaped favourably. The meetings with Chancellor Helmut Schmidt in 1978 and 1980 like the earlier ones with Willy Brandt have made a useful contribution to European detente and have extended the horizons of mutually advantageous Soviet-West German ties."

The recent quantitative growth in Soviet-West German trade and economic relations have been accompanied by qualitative changes as well. I mean that in the seventies the sides embarked on the joint implementation of large-scale, long-term co-operation projects, including those based on compensation arrangements, which has strengthened the ties between both countries' inter-related industries.

For instance, the seventies witnessed the signature of three agreements of a long-range nature valid up to the year 2000 related to deliveries of Soviet natural gas and West German shipments of large-diameter pipes and other equipment for the construction of gas pipelines. Under these agreements the annual deliveries of gas to the FRG in

1980 reached 10,000 million cu.m., whereas the total amount of gas to be delivered towards the turn of the century will have approximated to 275,000 million cu.m.

In 1976 the two countries signed a large-scale agreement on the construction in the Soviet Union of an industrial complex to produce polyester fibres and materials for their manufacture, and on deliveries of chemicals on a compensation basis. The follow-up contracts with West German firms for equipment deliveries in 1978-1985 totalled over 350 million rubles.

It is worth emphasizing that the form of cooperation (compensation arrangements or cash) is exclusively a matter of the partners' choice. For example, we pay cash for the equipment and services provided by West German firms under the 1974 General Agreement on the construction of an electrometallurgical complex in Oskol. Although the usual international practice is through credit transactions we are still using the cash type of settlement. Contracts worth 400 million rubles have so far been signed under this Agreement.

No matter how large the Soviet orders may be, many medium-size and small West-German firms are involved as sub-contractors in supplying equipment. For instance, some 40 large, medium-size and small West German companies supplied machine-tools for the Kama truck complex. In passing I can mention that today Soviet foreign trade associations are conducting business with almost 2,000 West German firms, most of them medium-size and small. The labour force employed in fulfilling Soviet orders numbers hundreds of thousands office and factory workers.

Traditional forms of trade are supplemented by new types of business relations, including the very promising form of cooperated production, which presupposes the partners' intimate knowledge of each other, close cooperation and even division of specific productive functions of the industrial enterprises.

Relations with a number of firms include joint manufacture and sales of metal-cutting machine tools, textile equipment, presses, motor truck mounted concrete pumps, and sewing machines. 12 co-operated manufacture agreements have been concluded so far, which is also a new qualitative element in the business cooperation between our countries.

Cooperation has been started on joint sales to third countries: a 100 million rubles' worth of power generating equipment under such a programme is being delivered to Iceland, Argentina and Greece. The scope of this expanding cooperation speaks for itself: under discussion with the Krupp, Mannesmann-Demag and Baumco companies are arrangements for trade and manufacturing collaboration on the sales of Soviet gas turbines; talks are in progress with the Linde firm on deliveries to third countries of complete units, engineering services and know-how for the manufacture of ethyl alcohol using Soviet technology; other feasible projects are under examination.

Creation of companies in the FRG with participation of the Soviet foreign trade organizations to better study and meet public demand is another new positive experience. Seven companies of this kind are taking care of the deliveries and technical servicing of machinery and equipment, the sales of wood products, chemicals, jewelry, spirits and wine, licences, and also the provisions of transportation, forwarding, designing and engineering services.

On their part thirty two representations of West German firms and banks in Moscow today facilitate the extended cooperation between the organizations and companies of both countries.

Very important for the future of Soviet-West German cooperation in commerce and economics is, in our view, the work now being carried out by both sides to fulfil specific contents of the Long-Term Programme of Basic Outlines of Cooperation, signed on July 1st, 1980 in pursuance of the summit-level Agreement of May 6, 1978 between the USSR and the FRG in the field of economy and industry. We presume that this will be the main subject to be discussed in detail at the forthcoming regular tenth session in Moscow of the USSR-FRG Commission on economic, scientific and technical cooperation.

The construction of a gas pipeline from West Siberia to the western border of the Soviet Union is one of the new large-scale projects of special interest. It gets much coverage in Western mass media. For obvious reasons the benefits to be gained by the Soviet Union are sometimes heavily overemphasized, which warrants a reservation.

The Soviet Union possesses vast resources of natural gas, coal and hydro-power. Its atomic industry is making rapid progress. We are in a position not only to meet fully the requirements of our country in energy, but also to export energy carriers in large quantities. It is clear that the choice of carriers that our country can export is large, including oil, natural gas, coal, electricity and nuclear fuel. Of course, the Soviet Union will conduct this business on an equitable basis.

It will invite foreign countries to take part in this giant construction on mutually acceptable terms. We believe that the interested countries, including the Federal Republic of Germany, that can take an extensive part in the construction of the gas pipelines, will display as much realism as possible towards this "project of the century" of all-European benefit and significance.

On the whole the Soviet-FRG trade and economic relations are making good progress, but we should not forget some problems still outstanding. Unfortunately, new difficulties are emerging here and there which we are not to blame. These concern the recent defaults of contracts by particular West German firms.

We, Soviet people, are accustomed to believe that West German firms are respectable and reliable partners as regard their business commitments. Like elsewhere in the business world we hold that a reliable partner is a guarantee of successful and promising cooperation. In the complicated international situation of today it is very important not to lose the perspective of this cooperation, to wit, not to yield to short-lived political or other sentiments, but to continue building up mutual confidence and good faith.

In conclusion I should like to stress that the level of trade and economic relations achieved between the Soviet Union and the FRG provides a solid basis for their further development and expansion. We see the future of our relations with the FRG in peaceful coexistence and business cooperation. This policy, which meets the cardinal interests of our peoples and states, has been time-tested and fully justified. The Soviet Union is fully determined to follow this course in the future which the decisions of the recent 26th Party Congress confirm.



## TRADE WITH INDUSTRIALIZED COUNTRIES

### ECONOMIST ARGUES FOR EXTENDED TRADE WITH WEST

Moscow PRAVDA in Russian 29 Apr 61 p 4

[Article by Yu. Yernhov, doctor of economics: "An Important Factor: On Behalf of Mutually Profitable Trade"]

[Text] At the turn of the 1980's there occurred a serious worsening of the international situation, which was the fault of the most aggressive imperialist circles, primarily those of the United States. The adventurist course which is being conducted by the Western militaristic circles, as expressed in moving up a new notch in the arms race, in the attempts to impose its own will on other countries and peoples, in the arbitrary proclamation of various regions of the world as the sphere of its own "vital interests,"--all of this has brought about a growth of tension in the world.

To the policy of the aggressive imperialist forces, which is dangerous for the fate of the world, the Soviet Union opposes a course of restraining the arms race, strengthening peace and international security, defending the sovereign rights and liberty of nations. An important place in the Soviet state's persistent efforts with respect to ameliorating the situation, preserving detente, and strengthening peace is occupied by the development of international cooperation in many practical spheres and, in particular, mutually profitable trade and economic ties.

The jointly written monograph "For a Materialization of Detente," which was recently published by the "Mekhdunarodnyye otnosheniya" Publishing House, provides a detailed analysis of our country's trade and economic relations with capitalist states; it shows the role and importance of these ties in the development of normal inter-governmental cooperation, based on the principles of peaceful coexistence. This book reflects the multi-faceted activity of the CPSU Central Committee, based on the Leninist doctrine concerning the foreign policy of a socialist state, as well as the activity of its Politburo, headed by Comrade L. I. Brezhnev in setting up and carrying out the foreign economic ties of the USSR.

The growth of the Soviet Union's foreign economic ties is inextricably bound up with the increase of our country's economic, scientific, and technical potentials. At the present time the USSR accounts for one-fifth of the world's industrial production. The USSR firmly maintains its hold on first place in the world with respect to the extraction of petroleum, coal, iron ore, with regard to the production of cast iron and steel, coke, mineral fertilizers, tractors, diesel locomotives, electric locomotives, as well as cotton, flax, woolen fabrics, leather footwear, butter, milk, and sugar.

already during the years 1970--1979 within the overall increase in our country's foreign trade by a factor of 3.6 the USSR's trade with the developed capitalist countries increased by a factor of 5.5--from 4.7 billion to 23.8 billion rubles. These countries now account for more than 30 percent of our state's total foreign-trade turnover. Such a development is based on an increase in reciprocal trade flows, brought about by the objective process of the expansion and deepening of the international division of labor. Despite the opposition on the part of the foes of detente, 1980, like the previous year, was marked by a further increase in the USSR's trade turnover with those capitalist states which manifested a desire for cooperation, especially on a long-term basis.

During the decade just past there was a strengthening of the negotiated legal basis for trade, economic, scientific, and technical cooperation between the USSR and the West. After the All-European Conference of 1975 the USSR signed with the countries of Western Europe alone about 30 agreements and programs, many of which have been designed for a lengthy period--for as many as 10--25 years. Such agreements constitute a unique kind of joint capital investment in an extremely necessary and mutually profitable cause--the preservation and strengthening of international peace.

It is obviously not by chance that the Soviet Union's trade relations with the Western European states are developing fruitfully. The influence of detente manifests itself here also. At the present time the countries of Western Europe account for as much as 75 percent of the USSR's trade with the industrially developed capitalist states. Our most important trade partners are the FRG, France, Finland, and Italy. As noted at the 26th CPSU Congress, the volume of Soviet-French trade over the last five years has almost tripled, while trade with the FRG has almost doubled.

The Soviet Union supplies the countries of Western Europe with petroleum and petroleum products, natural gas, lumber, paper and pulp items, various types of machinery and equipment, solid fuel, metal ores, non-ore minerals, and many other goods. Within Soviet imports from Western European countries the basic position is occupied by machinery and equipment, rolled ferrous metals, pipes, various chemical products, and consumer goods.

During the 1970's the trade and economic ties between the USSR and the United States developed unevenly, and during the most recent period they have been sharply curtailed. The responsibility for this lies entirely on the American side. Having adopted a course of exacerbating the international situation, Washington has attempted to conduct a policy "from a position of strength" in international trade as well.

Returning to the trade and economic ties between the USSR and the capitalist countries of Europe, we should also note that during the last few years they have undergone important positive changes in the direction of expanding the forms of cooperation. The basic directions of the Economic and Social Development of the USSR for the Next Five Years, which was approved by the 26th CPSU Congress, also set forth the following task: "Proceeding from the principles of peaceful coexistence between states with differing social systems and the need to strengthen international detente, implement stable, mutually profitable trade, economic, scientific,

and technical ties with those capitalist countries which manifest an interest in cooperating with the Soviet Union. Continue to carry out existing agreements and conclude new agreements in the sphere of implementing large-scale projects in the fuel, metallurgical, and chemical industries, as well as in other sectors of the national economy. Seek out other ways to develop cooperation with these countries."

During the period just past specific experience has already been accumulated in developing cooperation on the so-called compensation basis. In accordance with this type of deals and agreements, the Western partners supply the equipment and material to produce specific types of products, receiving as payment a specific part, as a rule, not exceeding 20--30 percent, of the amount of the final end-product. The number of major projects which have been or are being built on a compensation basis in accordance with agreements and contracts has exceeded 60. Moreover, the major part of these enterprises are in such industrial sectors as chemical and petrochemical, oil and gas, lumbering, paper-and-pulp, coal, ferrous and non-ferrous metallurgy, and food-processing.

Compensation agreements are mutually profitable in their nature. The Soviet Union is interested in developing this form of cooperation, inasmuch as it allows us to speed up the development of natural resources, which is especially important in regard to regions which are difficult of access, to create or modernize individual industrial facilities, to improve the structure of Soviet exports, primarily by means of increasing the production and delivery of machine-building output and other manufactured goods which meet the requirements of the foreign market. Thus, our country utilizes the possibilities of the international division of labor in order to satisfy more fully the requirements of the national economy for equipment, as well as the population's demand for consumer goods.

In turn, the firms of the Western countries have the possibility, under the conditions of acute competition and a weakening of demand in the capitalist markets, of ensuring themselves of large orders for delivery to the USSR over a course of several years of complete enterprises, equipment, machinery, and materials. At the same time they receive steady sources of supply in goods which are necessary to them, many of which are becoming shorter and shorter in supply in the world capitalist market in connection with the exacerbation of the fuel and raw material crisis.

At the same time such a new form of cooperation is being carried out as the construction in capitalist countries of a number of industrial and other facilities with the aid of Soviet organizations and based on equipment manufactured in the USSR. Thus, for example, a metallurgical plant, nuclear and thermal electric power stations, and a gas pipeline have been built in Finland.

During the last few years there has been increasing development of the principle of joint participation of the Western countries and the USSR in building industrial projects in the developing states. The first steps in this direction have been made, for example, with firms in the FRG, Finland, Japan, and Sweden. Soviet organizations have signed appropriate contracts with these firms, providing for the delivery of equipment and the rendering of services in the course of construction of energy-producing, industrial, transport, and other projects in developing countries.

The Soviet Union's foreign economic activity also provides for participation in implementing extremely large general European projects in the field of economic and technical cooperation, the merging of the material, scientific, and technical resources of all interested countries in solving the global problems of our times.

The results which have been achieved in trade and economic relations between the Soviet Union and the Western countries are not to the liking of the foes of détente, particularly those in the United States. They are attempting to hamper the further growth of these mutually profitable ties, to turn trade into a weapon of political pressure and blackmail. However, the policy of all manner of prohibitions and discriminatory limitations in trade with the socialist countries, a policy which has failed on several occasions in the past, is also failing to meet with success in our own times, as the facts testify. This is a cause without any future prospects.

The mutual interest in developing economic ties scarcely means that the peaceful coexistence and business cooperation between the two social systems can be carried out by itself alone without the active influence of international politics, without a persistent struggle to ameliorate the situation in the world. This presupposes, in particular, the elimination of discriminatory limitations in trade with the socialist countries, which still takes place in capitalist countries. It is also necessary to achieve an expansion of cooperation on an all-European basis. To a large extent, all this would facilitate the activation of economic ties between the world of socialism and the world of capitalism, serving at the same time the cause of strengthening international security.

"We in the Soviet Union," noted Comrade L. I. Brezhnev, "have always seen in equitable and free international trade not only a fine means for satisfying the material interests of the parties concerned, but primarily as a powerful factor in strengthening peace and good relations between peoples."

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CSO: 1825/29



## TRADE WITH INDUSTRIALIZED COUNTRIES

### ITALIAN JOURNAL ON GAS IMPORT CONTRACT WITH USSR

Rome RASSEGNA PETROLIFERA in Italian 13 Mar 81 p 231

[Text] An important contract for a total of about 50 billion lire was signed in Moscow between Nuovo Pignone S.p.A. and Mashinoimport, the Soviet State agency.

The contract calls for a cash payment, in dollars, for furnishing a natural gas compression plant to exploit the fields at Orenburg, near the northern Ural mountains.

The plant includes six gas turbines, 14,600 HP each, six natural gas centrifugal compressors, in addition to all the accessories to include air cooling units, valves, pipelines, gas treatment plants, regulation and control systems, buildings, etc.... The contract also includes the furnishing of spare parts as well as supervisory know-how for the plant's construction and startup.

The compression plant has the task of increasing the pressure of the gas, which is extracted from the Orenburg beds and then inserted in the Soyuz gas pipeline which extends from Orenburg to Khust, near the Czech border. This pipeline, completed from 1976 to 1979, carries natural gas for export to Europe.

It is significant that this new contract was awarded to Nuovo Pignone, considering the French, Japanese, German and American competition. This is due not only to the quality of the specific project, but also because of the technical and organizational know-how demonstrated by Nuovo Pignone in completing five compression plants that Mashinoimport had contracted Nuovo Pignone to install for the above-mentioned Orenburg-Khust pipeline.

Without a doubt the vast gamma of Nuovo Pignone products related to gas compression plants is the most complete among its worldwide competitors. The Florence-based company, in fact, produces gas turbines, centrifugal compressors, air cooling units, pipeline valves, switches, separators and other prefabricated pressure, instrumentation and regulation instruments. The whole production cycle is studied and integrated to furnish optimal plant performance coordinated by planning offices Nuovo Pignone specifically set up for this type of undertaking.

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CSO: 3104/243

## TRADE WITH INDUSTRIALIZED COUNTRIES

### NORWEGIAN PRESS: DEFINITE INTEREST IN NORWEGIAN OIL PLATFORMS

Oslo AFTENPOSTEN in Norwegian 3 Jun 81 p 29

[Article by Kjell Dragnes]

[Text] The Soviet Union is very much interested in building or buying a completed lift oil platform in Norway for use in the oil exploration in the Barents Sea. As far as AFTENPOSTEN understands, concrete contacts have already been made with Norwegian organizations. The great Soviet interest in Norwegian off-shore technology also appeared during an introductory lecture given last Monday by Deputy Minister of Foreign Affairs Aleksej Mandsjulo at the opening of the Norwegian industrial technology fair in Moscow.

Aleksej Mandsjulo specially emphasized the continental shelf in the Barents Sea as an area which holds bright prospects. This was the first time that it was confirmed from official Soviet quarters that, in its off-shore activities, the Soviet Union will primarily concentrate its efforts on the Barents Sea.

The minister stated that the Soviet Union is today carrying on negotiations with several firms in the West for the purchase of technology and equipment for the oil activities at sea which the Soviet Union intends to undertake in the course of the next 10 years.

"Norwegian firms have experience with shipbuilding and drilling platforms which may be used in our projects, provided the commercial conditions are competitive," Aleksej Mandsjulo said.

It has been pointed out on several occasions from Norwegian quarters that Norway is willing to enter into such a cooperation, and this was taken up during the meeting in Moscow before Christmas last year between Prime Minister Nikolai Tikhonov and Foreign Minister Knut Frydenlund. The Russians have apparently entered into a more concrete stage in their planning and, therefore, have their feelers out toward Norwegian industry.

The industrial technology fair in Moscow is the first one of its kind. A total of seven Norwegian firms are participating, viz. the Kongsberg Arms



Factory, Simrad, Norwegian Data, Trio Machine Industry, Mycron, Norwegian Hydro, and Artos.

In the course of the next few days, seminars and meetings will be held between the Norwegian firms and Soviet ministries and trade organizations. The fair constitutes an export drive in areas where Norway has lagged somewhat behind, Einar Magnussen, managing director of the Norwegian Export Council, tells AFTENPOSTEN.

Norwegian exports to the Soviet Union last year amounted to 550 million kroner, but traditional commodities, such as paper and pulp, still account for the bulk of the exports. The Soviet Union, however, has shown great interest in electronics, data processing machines and machinery and is clearly prepared to allow Norwegian firms in these fields to gain a foothold in the Soviet market.

The new 5-year plan, which concentrates most on the modernization of existing enterprises, moreover, is beneficial to Norwegian firms which are too small to compete for big new construction contracts. The development in the trade is also favorable this year. So far, contracts have been entered into which exceed the total amount of last year. The imbalance between import and export has also more or less disappeared, primarily in consequence of falling Soviet oil supplies. But Norwegian exports have also shown an increase during the last few years.

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**July 9, 1981**